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UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

Applicant: Mark LANDESMANN
Title: BUYER-DRIVEN TARGETING
OF PURCHASING ENTITIES
Appl. No.: 09/888,439
Filing Date: 06/26/2001
Examiner: Khanh H. LE
Art Unit: 3622

REPLY BRIEF

Mail Stop Appeal Brief - Patents
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Sir:

Appellant stands by his Brief and all of the various distinctions listed therein. However, Appellant wishes to respond to several arguments made in the Examiner's Answer dated July 17, 2006.

Appellant has a very specifically-claimed system to motivate consumers (and other buyer entities) to provide third party purchase records not generated by the system or made within the system, and to reward consumers / buyer entities for such submissions by allowing advertisers to compete for the business of those selected consumers that have high potential acquisition value by offering preferential incentives. These preferential incentives discriminate between buyer entities by means of a decision process *based on the third party non-system purchase histories of these consumers* – they are only selected and offered to those buyer entities that have non-system purchase histories which are indicative of a high potential acquisition value. The information can be used by advertisers to directly compete for, and attempt to win the business of a buyer entity, that is a frequent customer of a competitor, because it is only the buyer entity (e.g. the consumer) whose deliberate and specific cooperation is required for the submission of third party purchase records.

This stands in contrast to a system which primarily relies for that information *on that direct competitor itself, or on a company that generates or has access to the information*

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because it works with that direct competitor, and which depends on the competitor for that information and for the continuation of that partnership / business relationship: while it is in the best interest of the buyer entity to receive attractive incentives from potential new suppliers of those products that it buys most frequently, it is clearly NOT in the interest of the competitor to make this information available to advertisers for the purpose of poaching the competitor's customers. The claim 1 language (and the specification) go to great length and specificity in explaining and defining these core elements of the invention, namely, (a) the independence of the data generation and data utilization process from the advertiser's competition, and (b) the use of that information for the purpose of discriminating between buyer entities, so that two buyer entities that have taken identical actions in responding to system offers and incentives can, and generally will, have different benefit levels (preferential incentives) offered to them from various advertisers:

CLAIM 1 Quotation:

receiving from [...] buyer entities [...] at least on e third party purchase record or information derived therefrom, said purchase record or information derived therefrom comprising data associated with the purchase of products or services for which the payment was not carried out by the system, wherein the receipt of the third party purchase record or information derived therefrom occurs on the initiative and with the consent of the buyer entity associated with that purchase record, [...] electronically making at least one decision associated with the offering of [...] different preferential incentives, [...] each of said incentives offering at least one benefit in exchange for at least one action associated with a purchase of at least one of said items, said benefit not normally and publicly accessible to said buyer entity or other buyer entities in the same geographic region on terms which are at least objectively equivalent, [...] said decision regarding the at least one incentive that is to be offered to the buyer entity being based at least in part on stored information associated with the data relating to a purchase made by said buyer entity with a merchant other than the third party advertiser that is associated with the incentive,...

In addition to the claimed preferential nature of the incentive or incentives provided by the system, a key feature of the system is that the decision is discriminatory. Not only is the incentive not publicly available to virtually all other buyer entities in the same geographic region, the discrimination in favor of the buyer entity that receives such a preferential incentive which is not available to everyone must be based on the purchases that the buyer entity made with merchants other than the advertiser, who offers the incentive or on whose behalf the incentive is being offered to the buyer entity.

For instance, one could argue that a Delta frequent flyer who receives 10,000 frequent flyer miles in return for taking a particular Delta flight is the recipient of a preferential incentive. Although this particular incentive may appear to be easily accessible to everyone

willing to take a particular flight on Delta, receiving the benefit not only requires that the above mentioned flight was taken, it also normally requires that the flyer previously signed up for the Delta frequent flyer program. Thus a flyer who did not sign up for the Delta frequent flyer program, will not get the 10,000 frequent flyer miles, even though he performs the same required action (taking the particular flight) than someone who *is* eligible for the benefit. The incentive therefore could be called "preferential": it is given to some taking that Delta flight, and not to others. However, the incentive is not discriminatory as explained and defined in our claim language, because every and any Delta customer has the option of signing up for the frequent flyer program, and to receive the 10,000 frequent flyer miles, regardless of his prior purchase histories with other companies. The decision made by Delta to provide the 10,000 miles to some Delta customers, but not to others, is based on something other than stored data, derived or contained in third party purchase records received from the buyer entity which pertain to purchases made by the buyer entity with respect to merchants, other than Delta.

The main reference now used by the Examiner, Goldhaber (US 5,855,008), discloses targeting ads to consumers based on consumer profiles obtained through system questionnaires and through tracking the consumer's use of the Goldhaber's on-line system ("electronic tracking of his/her usage of the service," Col. 6, lines 52-57), and then paying the consumer for looking at the ad with so-called "CyberCoins" that are subsidized by that advertiser. Transaction records from WITHIN the Goldhaber system are NOT required in order to use the system. But if the profile does contain such records, they are the system's own records, not third party purchase records, whether submitted by the consumer or by another party. A central contention at the heart of the Examiner's Reply with respect to claims 1 and 207, and with respect to the other claims, is the assertion by the Examiner that Goldhaber *does* disclose the consumer submission of third party purchase records. But all purchase records that are used in the Goldhaber system are records made from the recordation of the transactions and revenues which are generated by the Goldhaber system itself – they are not third party purchase records "of products or services for which the payment was not carried out by the system" and received from the consumer or at his direction. See Goldhaber at column 13, line 38 – column 8, line 14; column 6, lines 36-65. Goldhaber also does not disclose preferential incentives that are discriminatory based on the third party purchase history of that buyer entity, nor any other preferential incentives.

The examiner at page 40 and other places in her Answer also states regarding Goldhaber "It does not take a leap of faith at all to ask consumers to submit directly their POP's" for their purchase records generated outside the system, and to use a Weinblatt store home unit to read specially printed documents printed by that store's cash registers to that end. But the Goldhaber system is not set up to receive third party purchase

records, and the consumer is not paid to provide such data to the system, either with CyberCoins or by the potential to receive preferential incentives. The verified third-party purchase information available for use by the system without competitive restrictions coupled with the claimed proactive participation of buyer entities, is a game changer that allows advertisers the opportunity to acquire the small fraction (estimated to be 10-15 percent) of consumers that normally account for 70-85% of their revenues (please also see affidavits in this regard).

Weinblatt (US 5,515,270) teaches that a store can more easily track *its own sales* to a customer, by providing that customer with a unit placed in a customer's home to record specialized machine-readable store records, which are produced in the store by a specially designed store cash register. This is done in order to measure the effectiveness of ads previously shown to that customer, and the impact of these ads on sales of the store to the customer. [See the Weinblatt Abstract.] The Weinblatt system, as taught, does not generate or receive new data from outside its system, or disclose any way for using such outside data. Nor could it be used for the purpose of allowing one advertiser to target ads based on a consumer's purchase history with competing advertisers, because this would require that one competitor willingly cooperates with the loss of his customers by producing specialized sales receipts for use by a rival. There is no motivation to alter this system to anything close to the claimed system.

Day (US 6,484,146) discloses an in-store operation with a store computer (col. 3, lines 25-26; col. 5, lines 17-21) for recording in-store purchases, a store kiosk (col. 4, line 49) for offering store coupons, and a store ID card for identifying the customer at the kiosk and at the check-out computer in the store. The coupons are made available to the consumer while he is in the store and their provision is authorized by product manufacturers based on the recipient's in-store purchases (col. 8, lines 31-36) and/or based on a non-response of the consumer to a preceding coupon offer (col. 8, lines 1-15) from that same manufacturer. This coupon offer activity is for store purchases of store products, with the store system making and recording these sales in the ordinary course of business. Day does NOT make a decision by allotting coupons based on data emanating from buyer-submitted or authorized third party purchase records or information derived therefrom (the Day purchase records are not third party records but rather in-store purchase records, thereby preventing any competition between competing retailing stores). There is nothing with respect offering preferential incentives, with the exclusion (and/or inclusion) being based on the data in the third party purchase records.

In sum, none of the references disclose third party purchase records coming from outside their respective systems. None of the references disclose providing preferential incentives, that are selected based on non-system purchase record data ("said decision

regarding the at least one incentive that is to be offered to the buyer entity being based at least in part on stored information associated with the data relating to a purchase made by said buyer entity with a merchant other than the third party advertiser that is associated with the incentive").

None of the described prior art systems offer incentives that are both preferential and offered by independent advertisers, even though both of these claim characteristics are essential to the workings of the present system. And none of the incentives are defined as meeting the degree of attractiveness and exclusivity stipulated by the claim language nor would it make sense to add such incentives to any of the systems, as they are otherwise described. Thus, even a combination of features would not meet the claimed method and system.

Additionally, the average person versed in the prior art would not arrive at such an, albeit deficient, combination because the combinations consists of references that are directed to different operating environments, have diverging purposes, do not create any of the claimed synergies, and teach systems that are incompatible with each other.

Day's function and structure could not support the addition of the elements for which it is deficient. The Day supermarket depends on the suppliers of its products for the continuation of that supply, and for the transaction information that the distribution and retail sale of the supplied products generates. Adjusting the Day system to allow for the offering of preferential incentives from competitors would require that manufacturers actively participate in the poaching of their own customers by their direct competitors, by continuing to distribute their products through the Day stores and thereby continuing to provide for the use of the transaction information relating to their products to the system.

Moreover, one of ordinary skill in the marketing arts would not think to modify Goldhaber's Internet system of distributing CyberCoins to reward a customer for reading an advertisement of a Goldhaber system advertiser, with the Day in-store kiosk and check-out system, or the Weinblatt ad evaluation system, with its specialized cash register for generating special machine-readable documents that can be read by a home unit distributed by the store, to arrive at an entirely different system which receives third party purchase records from outside the system to drive that entire system, i.e., enable the offering of incentives that are preferential based on these cross-manufacturer data purchase records, and cause competition among competing merchants for individual buying entities, based on the verified acquisition value of these buying entities, via the preferential incentives.

Selecting isolated citations from three references out of context of those references (for example, the citation to Goldhaber having a distributed system with many servers being interpreted by the examiner as meaning that each server is a separate system (p.18, middle of the page; also on p.5, 2nd paragraph, and p.18, 3rd paragraph) would

not lead one of ordinary skill in the art (without inventive activity and not having appellant's specification and claims as a blueprint) to the claimed system and method.

Likewise, last-minute arguments on third party purchase records from outside the system not having a manipulative effect and so given no weight, citing a 1961 case, whether or not that case is still good law, are not correct. The system and method operation logic as defined in claim 1 will not allow the offer to be made unless the system has received a third party purchase record or data derived therefrom for that buyer entity from the purchase of a product or service for which payment had not been not carried out by the system ("with the condition precedent for this step that the system has received from that buyer entity the at least one respective third party purchase record or information verifiably derived therefrom" and "said purchase record or information derived therefrom comprising data associated with the purchase of products or services for which the payment was not carried out by the system".) Furthermore, the receipt of third party purchase record(s) step *does* have further strong and explicit manipulative effects on the decision and offering steps, affecting the level and type of the "preferential incentive," the inclusion or exclusion of buyer entities from receiving access to these incentives as well as the degree of further buyer entity participation.

Independent Claims 207, 259, and 308

Examiner's only response to the multiple deficiencies which we have noted in the Appeal Brief has been to assert that Goldhaber and/or Weinblatt disclose the submission of third party purchase records by buyer entities. Because this is not true, the claims are allowable, and Examiner's rejection should be reversed.

Dependent Claims

In our opinion, and as we believe to be illustrated below, the Examiner's response to our dependent claims is generally not responsive, and in many instances does not fairly represent the arguments that we have made in the Appeal Brief. We cite only the Examiner's reply to the discussion of the first two dependent claims, among many possible examples, in this regard.

Claim 10:

The Examiner's cited generic motivation is not sufficient to prove the obviousness of combining the claimed feature with *the receipt of third party purchase records* from buyer entities, as specified in claim 1.

Claim 11:

The Examiner argues "contrary to argument [in the Appeal Brief], 'referral quality' is not claimed (p.43 of Examiner's Answer). But, contrary to the Examiner's reply, we had not argued that the concept of "referral quality", which is a consequence of the application of the present invention, and not part of one of the steps, is itself disclosed in the claim. We have only argued in the Appeal Brief that the combination of the disclosed feature in combination with the submission of third party purchase records yields far broader and more beneficial effects with regard to the measurement of referral quality, than those accomplished by the prior art – an argument, which is relevant to patentability.

Claims 209, 261, 310 and 210, 262, 311

These claims specify that the purchase record information received from the buyer entity must be for products for which the payment was not carried out by the system at the time they are received.

Examiner concedes:

As to the "data associated with the purchase of products or services for which the payment was not carried out by the system", arguably GOLDHABER does not specify such" (page 5 of the Examiner's Answer)

But the Examiner does not offer any reference other than Goldhaber to remedy this deficiency.

Interactive Advertiser Interface in claims 230, 282 and 331, 256 and 258, and in other claims

These claims recite a campaign management interactive interface. In previous Office Actions, Examiner had cites the following excerpts in Day to argue that the claimed limitations have been disclosed: col.4, l.18-31; col.14, lines 152-56; col.6, l.157-60, without further explanation (see quotation of previous Office Action in Examiner's Answer, 2nd paragraph of page 13). Not only is there no disclosure or mention of an interactive user interface that provides advertisers with third party purchase record information about the potential audience of an advertising campaign, or through which advertisers can make queries, and receive responses to these queries, as specified in the claim language, but there is no disclosure whatsoever of any interactive interface in the cited excerpts.

Forward-Looking Programs as specified in Claims 230, 282, 331, 257, 258 and other claims

Examiner concedes that Goldhaber does not disclose a forward-looking process that reacts and automatically and electronically makes a new decision regarding the offering, and that in Day such a process only relates to the reaction to internal data, not to the submission of third party purchase records by the consumer from outside the system. The cited prior art is further entirely deficient with respect to consumer-submitted purchase records and the use of incentive functions, as claimed, as per our previous arguments.

Claim 246

In her response, Examiner concludes "that it is well known that prices of incentives offers have to be calculated to apprise businesses of their promotions costs" and this proves that the claimed limitations relating not to overall cost of a promotion, but to pricing individual ads based on data emanating from buyer-submitted purchase records, is obvious. Whether or not calculating an overall cost of a promotion is obvious, pricing of the individual incentive, as per the claim, based not on the overall cost of the promotion, but rather on how desirable the buyer entity is as a potential customer based on his third party purchase records and,

potentially based on what it will likely take to attract that buyer entity to respond to your ad rather than another advertiser's ad, is not obvious.

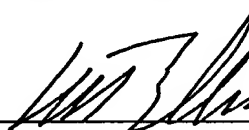
Appellant disagrees with numerous other points and characterizations made in the Response to the Appeal, but herein responds only to the most essential points in the interest of keeping his Response brief and reasonably focused. Appellant stands by its arguments in support of all of the other claims made in the Appeal Brief, and traverses Examiner's replies in this regard.

For the foregoing reasons and the reasons cited in the Appeal Brief, the Examiner's rejections are erroneous based on the art, and reversal of the applied rejection is respectfully requested.

Respectfully submitted,

Date September 15, 2006

By



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